Court of Appeal
Sixth Appellate District
San Jose

PROJECT FEASIBILITY REPORT

JUNE 2, 2006

ADMINISTRATIVE OFFICE
OF THE COURTS

OFFICE OF COURT CONSTRUCTION
AND MANAGEMENT

Contents

I. EXECUTIVE SUMMARY

A. Introduction

This Project Feasibility Report for the proposed new Court of Appeal for the Sixth District in San Jose has been prepared to support the Capital Outlay Budget Change Proposal (COBCP) submitted to the State of California Department of Finance (DOF). This report documents the need for the proposed facility, describes alternative ways to meet the underlying need, and outlines the recommended project.

B. Statement of Project Need

In 1981, the Legislature approved the formation of the Sixth Appellate District, effective in 1982, to serve Monterey, San Benito, Santa Clara, and Santa Cruz Counties.

The court was initially authorized three justices. In 1987, due to a growing backlog of cases, the Legislature authorized three additional positions for the Sixth Appellate District, for a total of six justices. A seventh justice was authorized in 2000. Based on estimated filing growth, the Task Force on Court Facilities[1] projected a future total need of nine justices to serve the Sixth Appellate District.

The court is currently located in leased space in a building that, when constructed, was not intended for use as an appellate court and the facility has security problems.

C. Options Analysis

This economic analysis explores the cost benefits of continuing to lease or to build a new state-owned facility. For the purpose of this study, five delivery methods that meet the court's needs were developed and estimated:

- Build a new facility financed through the general fund
- Continue leasing in the current location
- Lease in another location
- Build a new facility through a developer lease-purchase option
- Build a new facility financed through lease revenue bonds

Based on the financial analysis, the most cost-effective alternative is to construct a new facility through a capital outlay project funded with state general funds. This alternative has the lowest

[1] The Lockyer-Isenberg Trial Court Funding Act of 1997 (Assembly Bill 233 [Escutia and Pringle]) was passed by the California Legislature on September 13, 1997, and signed into law by Governor Wilson on October 10 the same year. The act transferred responsibility for funding trial court operations from the counties to the state. The Task Force consisted of 18 members appointed by the Governor, the Chief Justice of the Supreme Court of California, and the Legislature. Under the act, the California Judicial Council was required to provide the Task Force with staff support. Under the direction of the Administrative Office of the Courts and the Task Force, the team of DMJM/Spillis Candela, in association with Justice Planning Associates and the Vitetta Group, completed *Phase 4 Survey, Inventory, and Evaluation.* The final report was titled *Evaluation and Plan for Supreme Court and Courts of Appeal,* October 1, 2001.

estimated cost, provides the state the capital assets from the site purchased, improves security, meets the court's space needs, and will express the level of the court's importance to the community. This alternative has lower total costs, but higher initial cost to the state, which will pay the entire project cost within three years. By comparison, the total costs of the other alternatives are distributed throughout a longer period, making them more attractive in the short term even though they are more expensive in the long term.

A summary of estimated costs and net present value (NPV) is provided in Table 1. Estimated costs for the capital outlay project include construction and project costs. Costs for the lease projects include tenant improvement construction costs and annual lease costs, which escalate yearly. The developer-financed lease-purchase costs include annual lease costs based on the estimated project loan amount. The lease revenue bond project includes financing costs based on the same construction and project costs as the capital outlay project.

Table 1
Summary Total Estimated Cost—2007–2056

	Alternative 1 Capital Outlay	Alternative 2 Existing Lease	Alternative 3 New Lease	Alternative 4 Lease-Purchase	Alternative 5 Revenue Bond
Estimated 50-Year Cost	$47,436,000	$108,030,825	$142,203,857	$105,659,532	$78,027,361
Estimated Net Present Value (NPV)	$43,952,515	$51,516,364	$63,339,956	$58,803,092	$50,139,482
NPV Percent of Total Cost	93%	48%	45%	56%	64%

D. Recommended Option

The recommended solution to meet the court's facilities needs in the downtown San Jose area is to construct a new facility that will include one courtroom, justice chambers, attorney support space, central law library, court administration, clerk's office, central staff offices, settlement conference center, security operations, and building support space. The proposed building will accommodate approximately 54,200 gross square feet.

For this project, fifteen parking spaces are requested for justices and key administrative staff. Due to high land costs and limited land availability, it is assumed that these spaces will be provided at the basement level of the building. Because the cost of constructing a parking structure is so high, the AOC has assumed parking for general staff and visitors will be available in nearby public parking structures. Site selection must be dependent on having available public and leasable parking and public transportation within walking distance of the selected site.

The estimated project cost to construct the recommended project is $47.4 million. This is based on a project of 54,200 gross square feet with 15 basement level parking spaces.

Preliminary project schedules have been developed assuming that funding is included in the 2007–2008 budget act and the site acquisition process is successful.

Proposed Project Schedule	
Site Selection	July 2007–December 2007
Land Acquisition (including CEQA)	January 2008–January 2009
Preliminary Plans	January 2009–September 2009
Working Drawings	September 2009–June 2010
Construction	June 2010–February 2012

The impact of this project on the state's general support fund budgets for FY 2007-2008 will not be significant. It is anticipated that this project will impact the state's general fund budget in fiscal years beyond the current year as certain one-time costs and on-going operational costs are incurred. Staffing support costs that are contingent upon later approval of future justice positions will be addressed as necessary through separate support proposals and are not included in this analysis.

Based on the economic feasibility study prepared by the AOC and summarized in this report, the state is projected to spend approximately $73 million if it were to continue leasing the existing location, with no expansion, by the end of the 2007-2056 analysis period. The existing lease calculation can be found in Table A-9 in Appendix A.

II. STATEMENT OF PROJECT NEED

A. Introduction

On November 8, 1904, article 6, section 4 of the California Constitution was adopted, creating the courts of appeal. The courts of appeal are California's intermediate court of review, and have appellate jurisdiction when superior courts have original jurisdiction, and in certain other cases prescribed by statute. They exercise mandatory review of any appealable order or judgment from a superior court, except death penalty cases over which the Supreme Court exercises mandatory jurisdiction.

The state is divided into six appellate districts, each containing a Court of Appeal with one or more divisions. Each division is headed by a presiding justice and has two or more associate justices. Typically, cases are assigned to a division and reviewed by a randomly selected panel of three justices. The First Appellate District is located in San Francisco. The Second Appellate District has offices in Los Angeles housing Divisions One through Five, Seven, and Eight. Division Six of the Second Appellate District is located in Ventura. The Third Appellate District is located in Sacramento. The Fourth Appellate District is subdivided into three geographic service areas. Division One is located in San Diego, Division Two in Riverside, and Division Three in Santa Ana. The Fifth Appellate District is located in Fresno and the Sixth Appellate District is located in San Jose.

In 1981, the Legislature approved the formation of the Sixth Appellate District, effective in 1982, to serve Monterey, San Benito, Santa Clara, and Santa Cruz Counties. The Sixth Appellate District is currently located in leased space in downtown San Jose.

B. Justice Projections

As the Silicon Valley's economy continues to recuperate from the dot-com burst, the region's population continues to increase. Population in the four counties served by the Sixth Appellate District increased 4 percent from 2000 to 2005[2]. As a result the local trial courts caseload continues to increase which causes increases in the appellate courts workload. In 2003–2004, the Sixth Appellate District disposed of 7 percent of the total state appellate caseload. The caseload of the Sixth Appellate District has increased consistently for the past 20 years; the court managed 798 filings in 1984–1985 compared with 1,346 filings in 2004–2005, an increase of 69 percent. The task force projected year 2020 filings to be 2,358. Population in the four county region is projected to increase by 28 percent from 2000 to 2050[3].

In 1987, due to a growing backlog of cases, the Legislature authorized three additional positions for the Sixth Appellate District, for a total of six justices. A seventh justice was authorized in 2000. Based on estimated filing growth, the task force projected a 2020 total need of nine justices to serve the Sixth Appellate District.

[2] State of California, Department of Finance, California County Population Estimates and Components of Change by Year, July 1, 2000–2005. Sacramento, California, March 2006.

[3] State of California, Department of Finance, *Population Projections by Race/Ethnicity for California and Its Counties 2000–2050*, Sacramento, California, May 2004.

C. Existing Facility

The Court of Appeal, Sixth Appellate District is located in a leased facility at 333 West Santa Clara, Suites 1010, 1060, and 1110 in the Commercial Bank Office Building in downtown San Jose. Per the current lease, the court currently occupies 29,601 net usable square feet (NSF) and has seven parking spaces, one for each justice. The building is a class "A" commercial office building.

The Task Force estimated in 2001 that the court was operating with a shortfall of 31 percent, or 11,434 gross square feet (GSF), relative to adequate space. The Task Force reported its findings in the report *Evaluation and Plan for Supreme Court and Courts of Appeal,* completed in October 2001. Currently the court is operating under the same conditions and amount of space. Expansion at this facility would require the relocation of adjacent private tenants.

The space limitations at the current facility are problematic. The court has suspended its assigned judge program because there is no space available for a pro tem judge. This assigned judge program enabled trial court judges to take a temporary assignment at the Court of Appeal to assist with pending caseloads. The program successfully reduced the non-priority civil case backlog.

Security is a concern at the building because there is no building security screening. Court space is located on the tenth and eleventh floors of the multi-tenant building with no dedicated vertical circulation between the two floors. The court occupies the entire eleventh floor but shares the tenth floor with private commercial occupants. The courtroom is located on the tenth floor, separate from the justice chambers which are located on the eleventh floor. All tenants share the same elevators, which can be a security issue for the justices as they travel between floors. The California Highway Patrol (CHP) provides security services to court; however, their offices are on the tenth floor separate from the justice's chambers.

III. OPTIONS ANALYSIS

A. Introduction

This economic analysis explores the cost benefits of continuing to lease or to build a new state-owned facility. The section examines the current and projected space requirements. For the purpose of this study, five delivery methods that meet the court's needs were developed and estimated:

- Build a new facility financed through the general fund
- Continue leasing in the current location
- Lease an alternate facility
- Build a new facility through a developer lease-purchase option
- Build a new facility financed through lease revenue bonds

The five alternatives were evaluated and the final cost was compared for a 50-year period.

B. Alternatives for Meeting Space Needs

The primary objective of this analysis is to compare alternatives to meet the future needs of the court. Five alternatives were evaluated based on their ability to meet the programmatic requirements and their economic value. The first option is to construct a state-owned facility; the second option is to retain and expand the existing lease space; the third option is to provide the space needed by means of a new lease in a different facility; the fourth option is to contract for a developer-financed lease-to-purchase facility; and the fifth option is to construct a new state-owned facility financed through preliminary planning with general funds with subsequent phases financed with lease revenue bonds.

For purposes of this analysis, the time frame 2007 to 2056 was evaluated for results that may indicate cost savings to the state in the long-term. The long-term analysis attempts to compare the final costs to what would be considered the life expectancy of a new building.

The alternatives presented typically do not have their costs uniformly distributed. The construction of a new facility will incur higher up-front costs than will the leasing options. With construction, the state will need to pay up-front for site acquisition, architectural and engineering services, and construction. Leasing up front costs will be substantially lower; however, the overall lease costs may be substantially higher than the overall construction costs and at the end of the term provide the state with no capital return. The fourth option, to provide space through a developer finance lease-to-purchase project will also have lower initial costs. Experience shows that a developer can construct a building quicker than the public sector. The shorter construction schedule will reduce cost escalation. A developer can also generally deliver the project at a lower overall cost due to tighter controls on the design consultants, however, in the long term; financing costs on a developer project will result in higher overall costs.

These are the five alternatives studied:

Construct a new facility through the state's traditional capital outlay delivery method. This alternative analyzes the feasibility of constructing a new facility with the state managing and funding the project. The state would acquire a suitable site and complete all project phases through the traditional design-bid-build competitive bid process. Phases would include land acquisition, preliminary plans, working drawings, and construction.

Continue to lease the existing facility. This option will maintain the existing lease and provide any future space in the same location. This option assumes that future space will be available in the same building.

Lease an alternative facility. This alternative analyzes the feasibility of providing projected space needs in a single, new, leased location. The new location would be in downtown San Jose.

Arrange a developer-financed lease-purchase of a new facility. A lease-purchase made through a developer would allow the state to own the facility outright after a predetermined number of years (this study assumes 30 years). The state would select the potential site, and the developer would then purchase it and build a new facility according to AOC specifications. The project would be financed at a private-sector rate, which could be considerably higher than the interest rate available through a tax-exempt financing mechanism available if the state finances the building.

Build a new facility financed through lease revenue bonds. This alternative is a variation of the capital outlay option. The initial processes would be the same; the state would finance site selection, site acquisition, and preliminary planning with monies from the general fund. The construction document and construction phases would be financed by the sale of lease revenue bonds.

C. Analysis of Alternatives

This section reviews the costs, advantages, and disadvantages of the alternatives. It is difficult to predict the economic environment in 50 years so the following assumptions were made:

- It is understood that the actual results could change, depending on the economic environment, the court's actual conditions, and when the actual solution is implemented. The estimates were done by applying current cost rates and using the best estimated projected cost rates.

- For calculating the lease analysis, a consistent consumer price index (CPI) was used for the entire time period. No market adjustments were included in the calculations except those already included in the existing lease contract. The CPI was kept consistent because of the difficulty of trying to predict the rentable rate through this long period of time. The market adjustments were designed to correct the lease rate and the CPI, depending on the economic climate of the area.

- For the purpose of calculating the cost analysis projections, a uniform inflation rate was used throughout the entire 50-year time study.

- The economic analysis is based on a conceptual cost estimate and on a hypothetical building; it does not represent a specific construction type, the use of specific building materials, or a predetermined design. The analysis is based on a series of set performance criteria required for buildings of similar type and specifications.

- The leased financial projection was done using the best information available to the AOC Office of Court Construction and Management Real Estate and Asset Management team when the research was completed in May 2006.

- The estimates do not include costs such as utilities and facilities maintenance. Each option will have similar operating and maintenance expenses.

The costs, advantages, and disadvantages of each option are described in the following section.

D. Alternative 1: Construct a New Facility through the State's Traditional Capital Outlay Delivery Method

This alternative constructs a new facility for the court in downtown San Jose. Under this alternative, the state would build a new facility financed by a capital outlay project paid for 100 percent from the general fund. The project cost estimate was completed to meet the court's projected space needs of 54,200 gross square feet.

The final cost by the end of the time period 2007–2056 is $47.4 million. The total project cost includes site acquisition, architectural and engineering services, and the construction of 54,200 gross square feet.

This alternative requires front end funding. In the long term, however, it turns out to be the least expensive of the five alternatives analyzed. One of the main reasons is that the state does not pay interest rates on projects funded through the General Fund. The other benefit for the state is that by building a facility it will own the asset. When those assets are considered in the overall cost to the state by the end of the 2056 period, the final cost is reduced significantly.

Advantages:

- Overall cost is lower than costs for all the other alternatives.

- Long term, the state saves money and will own the real property asset at the end of the project.

- Design process can ensure improved operational functionality for the court, including security requirements.

- Architecturally, it provides the highest control over the building design process and construction, resulting in a higher quality public building.

- The building design expresses the level of the court's importance to the community.

Disadvantages:

- The initial cost to the state is higher.
- The length of time needed to construct a new building is longer than would be needed to lease space.

E. Alternative 2: Continue to Lease the Existing Facility

The court currently occupies 31,420 net square feet of leased space in two separate leases. To meet the court's current projected needs, an additional 10,267 net square feet will need to be added to the current leased space. The present leases are Class A (full service) and expire on September 30, 2011 and January 31, 2012. The AOC has an option to terminate the lease early on or after June 30, 2006 on one lease and September 30, 2007 on the other.

Continuing to lease, with expansion, at the same location is projected to cost the state approximately $108.1 million. The cost estimate includes the cost of the current lease contract for 31,420 net square feet and the additional lease cost for net square feet at $2.45 per square foot[4] at an annual CPI rate of 3 percent[5]. Tenant improvement costs were calculated for 10,267 square feet, at a cost of $95 per square foot[6].

The existing leases have an unusual provision that requires the AOC to pay a proportionate share (15.18872 percent) of any increases in the building property taxes over the base year (1998-1999) tax. Between 1998-1999 and 2004-2005, the total amount paid is $105,732. Payment for the last three years has been approximately $30,000 annually but payment the previous four years averaged $1,500 annually. Because of this fluctuation, it is impossible for the AOC to predict what future payments will be so this amount has not been included in calculation of existing lease costs. If property values were to remain flat, it can be estimated that this tax could have an additional cost of $1.5 million over 50 years.

The Court of Appeal has operated in the existing location for many years. Maintaining the current location offers both advantages and disadvantages.

Advantages:

- The court can remain at its existing location, therefore minimizing the operation impacts and cost associated with any moves.
- Eliminates confusion to the public by remaining in the same location.
- Space can be provided in a shorter period of time.

[4] Current Class A average lease rate for downtown San Jose, according to OCCM Real Estate.

[5] Per U.S. Department of Labor, Bureau of Labor Statistics, year 2005 western region CPI rate of change was 3.1 percent. Average rate of change from 1996–2005 was 2.6 percent.

[6] Tenant improvements were estimated at $140 sq. ft. with an allowance of $45 sq.ft. for a total cost of $95 sq.ft.

- The state does not have to pay for tenant improvements on the existing space, as a portion of the space has already been improved for use by the court.

Disadvantages:

- The long-term cost to the state will be higher than for a state-owned building.
- The state will not own any real property asset at the end of the term.
- Security of the justices, court staff, and the public is severely compromised in a multi-tenant leased building.
- The current building lacks a court image otherwise inherited in a building constructed expressly for the court.
- Lack of control of the other tenants occupying the building who might not be compatible with the court.
- There is no guarantee that space will be available in the existing leased facility.
- Unpredictable long-term costs due to the renegotiation of the lease contract and to the market-driven cost.

F. Alternative 3: Lease an Alternative Facility

This option provides the projected space at a new-leased location. This alternative provides the projected required rentable area of 41,687 net square feet. The cost for tenant improvements is estimated at $140 per square foot with an allowance for $45 in the lease.

The total long-term cost to lease new space for the years 2007–2056 is estimated to be $142.2 million. The lease cost was estimated by using $2.45 per square foot and a 3 percent CPI annual increase.

This option turns out to be the most expensive alternative. Leasing at the current market value per square foot is considerably higher than the current lease rate. In addition, tenant improvements will be needed for the entire space whereas in the existing building, most of the space has already been improved for court use.

Advantages:

- The court has flexibility to contract or expand as needed, assuming adjacent space is available.
- Initial cost to the state is lower than if it were to build a new facility.

- The space needed can be available in less time when compared to constructing a new building.

Disadvantages:

- In the long term this alternative has a higher cost to the state than a state-owned facility.
- The state will not own any real property asset at the end of the term.
- The court runs the risk of having to move out of the space at the end of the lease contract.
- The long-term cost is unpredictable due to the renegotiation of the lease contract and the market-driven cost.
- When compared to occupying a state-owned building, security is compromised.
- Available leased facilities may lack a suitable court image that does not express the level of the court's importance in the community.
- The court does not control the other tenants, who might not be compatible with the court.

G. Alternative 4: Arrange a Developer-Financed Lease-Purchase of a New Facility

This alternative provides a new facility through a developer-financed lease-purchase agreement. The new construction will accommodate the court's projected space needs of 54,200 gross square feet.

The long-term cost is distributed over 30 years, during which time the state will make monthly payments. At the end of the 2007–2056 time period the final estimated cost is $105.7 million. With this alternative, the state would make a monthly-amortized payment of $284,031 or $3.4 million per year for 30 years beginning in 2012 and ending in 2042. The interest rate used for the purpose of this estimate was 7 percent.

This alternative provides the same benefits as the capital outlay alternative. The major difference is that the higher final costs have been distributed throughout a longer period. Experience shows that a developer can construct a building quicker than the public sector; this alternative will have a shorter completion schedule than Alternative 1. The state would have an initial lower cost because the project costs and interest rates are distributed over 30 years rather than 3 years, as in Alternative 1, however there would be a higher long term cost to the state.

Advantages:

- The cost to the state is distributed over 30 years.
- Design process can ensure improved operational functionality for the court, including security requirements.

- The building design expresses the level of the court's importance to the community.
- The state will own the real property asset at the end of the term.
- The cost is lower than for the new lease alternative.

Disadvantages:

- The overall cost is higher than Alternative 1.
- The length of time to construct is longer than leasing and improving space in an existing facility.
- There is less control over the detail and quality of construction than Alternative 1 due to involvement of a developer.

H. Alternative 5: Construct a New Facility Financed with Lease Revenue Bonds

This alternative constructs a new facility for the court in downtown San Jose. Under this alternative, the state would build a new facility financed initially with general funds. The working drawing and construction phases would be financed with lease revenue bonds through the public building and construction fund. The project cost estimate was completed to meet the court's projected space needs of 54,200 gross square feet.

The final cost by the end of the time period 2007–2056 is $78 million. With this alternative, the state would make a monthly-amortized payment of $217,052 or $2.6 million per year for 25 years beginning in 2012 and ending in 2037. The interest rate used for the purpose of this estimate was 5 percent.

This alternative provides the same benefits as the capital outlay alternative. The major difference is that the higher final costs have been distributed throughout a longer period.

In the long term, Alternative 5 turns out to be the second least expensive of the five alternatives analyzed. One of the main reasons is that the state will pay lower interest rates on projects funded through lease revenue bonds than a developer will pay for their financing. The other benefit for the state is that by building a facility it will own the asset. When those assets are considered in the overall cost to the state by the end of the 2056 period, the final cost is reduced significantly.

Advantages:

- The cost to the state is distributed over 25 years.
- Architecturally, it provides the highest control over the building design process and construction, resulting in a higher quality public building.

- The building design expresses the level of the court's importance to the community.
- The cost is lower than both the new lease and developer-financed alternatives.
- Long term, the state will own the real property asset.

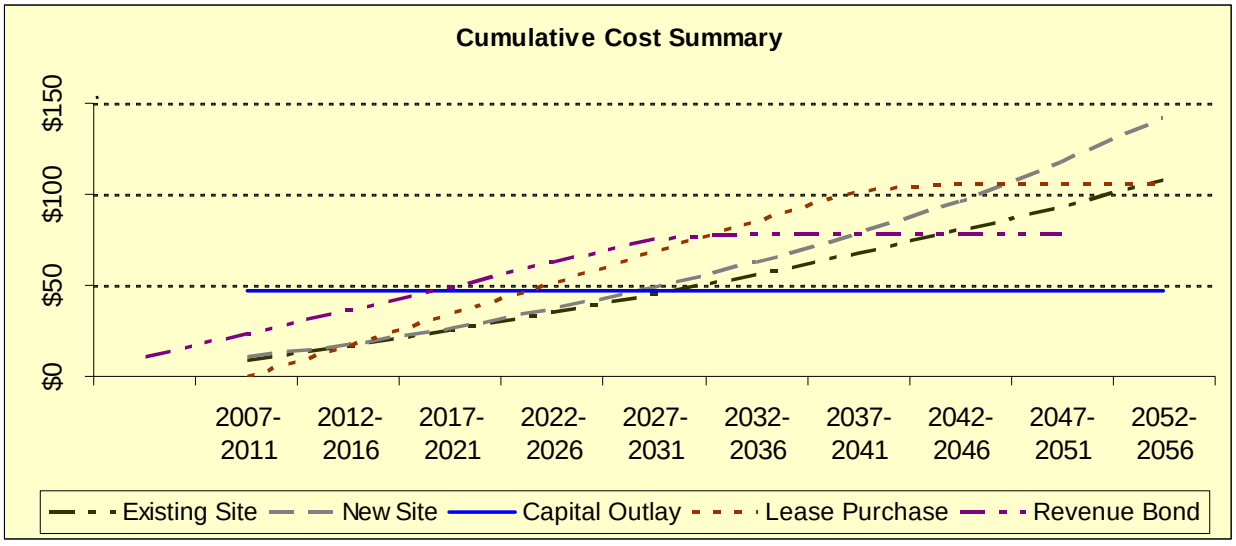
Disadvantages:

- The overall cost is higher than Alternative 1.
- The length of time to construct is longer than leasing and improving space in an existing facility.

I. Analysis Summary

The 50-year analysis attempts to provide a cost comparison at the end of the life expectancy of the new building. By the end of the 50-year period analyzed, the new lease option proves to be the most costly at $142.2 million. Continuing the existing lease has the second highest cost at $108.0 million. The third-highest cost alternative is to build a new facility through a developer lease-to-purchase option, with a final cost of approximately $105.7 million. Revenue bond financing for a state-owned building has a final cost of $78 million. Building a new facility appears to be the least costly in the long term; the capital outlay alternative has the lowest estimated cost, $47.4 million. A graph comparing the cumulative costs of each option can be found in Figure 1.

Figure 1
Cumulative Cost Summary—2007–2056



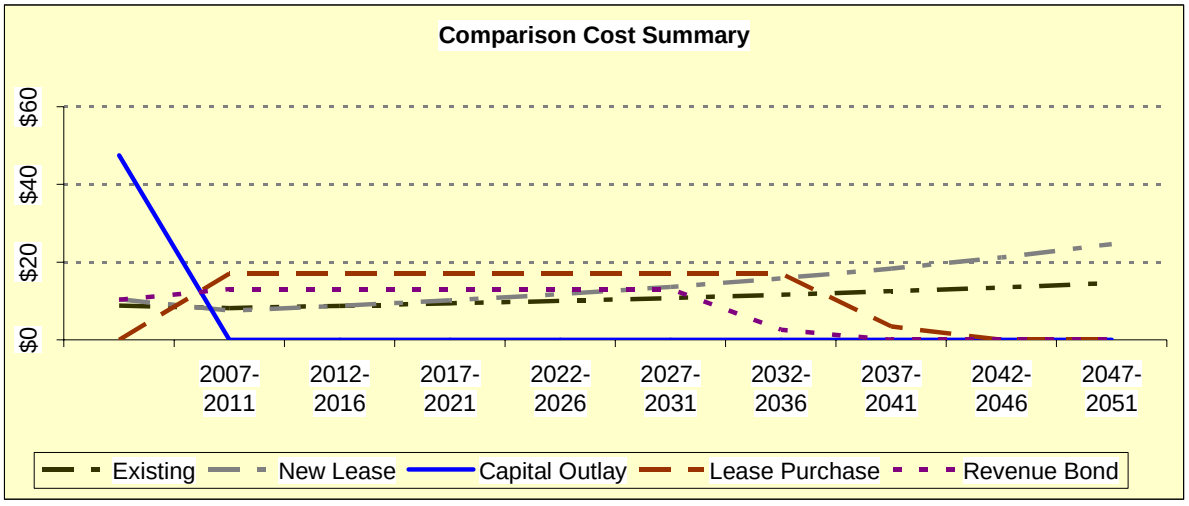
Reviewing the final costs, it is clear that the most cost-effective alternative in the long term is to construct a new facility through a capital outlay project funded with state funds. As shown in

Table 2, this alternative has the lowest cumulative cost. The capital outlay project provides the state the capital assets from the site purchased, improves security, meets the court's space needs, and will express the level of the court's importance to the community. This alternative has higher short-term cost to the state, which would have to pay the entire project cost within three years. By comparison, the total costs of the other alternatives are distributed throughout a longer period, making them more attractive in the short term even though they are more expensive in the long term.

The capital outlay alternative continues to be the least expensive after all alternatives are compared for net present value (NPV). This option offers a better return on investment. A summary of estimated costs and NPV totals is provided in Table 2.

Table 2
Summary Total Estimated Cost—2007–2056

Year	Lease		New Facility		
	Existing	New Lease	Capital Outlay	Lease Purchase	Revenue Bond
2007-2011	$8,803,582	$10,467,130	$47,436,000	$0	$10,307,000
2012-2016	$8,146,921	$7,543,240	$0	$17,041,860	$13,023,146
2017-2021	$8,725,601	$8,744,683	$0	$17,041,860	$13,023,146
2022-2026	$9,351,411	$10,137,484	$0	$17,041,860	$13,023,146
2027-2031	$10,031,857	$11,752,122	$0	$17,041,860	$13,023,146
2032-2036	$10,775,641	$13,623,931	$0	$17,041,860	$13,023,146
2037-2041	$11,592,850	$15,793,870	$0	$17,041,860	$2,604,629
2042-2046	$12,495,180	$18,309,424	$0	$3,408,372	$0
2047-2051	$13,496,189	$21,225,640	$0	$0	$0
2052-2056	$14,611,593	$24,606,334	$0	$0	$0
Total Cost:	**$108,030,825**	**$142,203,857**	**$47,436,000**	**$105,659,532**	**$78,027,361**
NPV Total:	**$51,516,364**	**$63,339,956**	**$43,952,515**	**$58,803,092**	**$50,139,482**
NPV % of total cost	**48%**	**45%**	**93%**	**56%**	**64%**



See Appendix A for additional financial information.

IV. RECOMMENDED PROJECT

A. Introduction

The recommended solution to meet the court's facilities needs in the downtown San Jose area is to construct a new facility. The following section outlines the components of the recommended project, including project description, project space program, parking requirements, site selection and issues, estimated project cost and schedule, and estimated impact on the court's support budget.

B. Project Description

The proposed project includes the design and construction of a new Court of Appeal for the Sixth Appellate District in San Jose. The project replaces existing leased space and will include one courtroom, justice chambers, attorney support space, central law library, court administration, clerk's office, central staff offices, settlement conference center, security operations, and building support space. Site support will include basement level parking for justices and a few administrative staff. Staff and visitors will be accommodated in nearby public parking.

The proposed building will accommodate approximately 54,200 gross square feet.

C. Space Program

Space needs are based on the *Appellate Court Facilities Guidelines*, adopted by the Judicial Council in July 2002. The space requirements have been reviewed by the court. The court currently occupies 29,601 net usable square feet and is projected to need 54,200 gross square feet. The space program is provided in Table 3.

Table 3
Space Program for Court of Appeal, Sixth Appellate District, San Jose

Component ID / Name	Future Space Required 9 Justices + 1 Pro Tem Justice			
	Space Count	Total Staff	Component Gross Area	Component Net Area
PRO TEM JUSTICE CHAMBERS	**2**	**1**	**719**	**575**
Judicial Chambers; w/restroom	1	1	625	500
Lead/Senior/Appellate Court Attorney	-	-	-	-
Judicial Assistant; reception & library	-	-	-	-
Supply/Coffee/File Cart Alcove	1	-	94	75
CHAMBERS/ATTORNEY SUPPORT SPACE	**9**	**8**	**2,251**	**1,825**
Extern Workroom; w/work carrels	1	8	600	480
Copy/Supply Room	2	-	300	240
Coffee/Amenity Space	2	-	375	300
Waiting Room	1	-	156	125
Judicial Conference Room	1	-	450	360
Hotel Workstation/Special Consultant	1	-	150	120
Storage	1	-	220	200
CENTRAL LAW LIBRARY	**62**	**1**	**1,946**	**1,490**
Law Librarian Office	1	1	219	175
Law Library Work Room; photocopier, work area	1	-	219	175
Library Book Shelving; single faced	16	-	367	272
Library High Density File, double faced	40	-	756	560
Library Table w/6 seats	2	-	225	180
Computer Carrel	2	-	160	128
Note: law library to have high ceiling; book shelving to be 8 shelves in height				
APPELLATE COURT ADMINISTRATION	**11**	**6**	**2,642**	**2,103**
Clerk Administrator Office	1	1	375	300
Assistant Clerk Administrator Office	1	1	219	175
Human Resources Office	1	1	188	150
Human Resources Secure File Room	1	-	150	120
Budget Analyst Office	1	1	188	150
Administrative Specialists Workstation	2	2	173	128
Training Room (8 computer stations)	1	-	425	340
Media/Press Facilities	1	-	225	180
Video Conference Room	1	-	450	360
Exhibit Storage Room	1	-	250	200
CLERK'S OFFICE	**104**	**12**	**4,766**	**3,512**
Supervising Deputy Clerk Office	2	2	375	300
Deputy Clerk Workstation	8	8	864	640
Court Record Assistant Workstation	1	1	86	64
Office Assistant Workstation	1	1	86	64
Reception Area/Public Counter; 3 stations	1	-	203	150
Queuing/Waiting Space	1	-	55	50
File Viewing Room; copier, worktable	1	-	270	200
Active Files; double faced fixed shelving	80	-	1,972	1,360
Inactive File Room (ship inactive files offsite)	-	-	-	-
Mobile File Carts	4	-	30	24
Supply Room	1	-	150	120
Printer Room	1	-	63	50
Copy/Work Room	1	-	225	180
Coffee/Amenity Space	1	-	75	60
Calendaring Room; workstation/file shelving	1	-	313	250

Table 3 continues,

Table 3, Continued
Space Program for Court of Appeal, Sixth Appellate District, San Jose

Component ID / Name	Future Space Required 9 Justices + 1 Pro Tem Justice			
	Space Count	Total Staff	Component Gross Area	Component Net Area
CENTRAL STAFF	**11**	**10**	**2,601**	**2,065**
Principal Attorney	1	1	250	200
Central Staff Attorney	4	4	875	700
Writ Attorney	3	3	656	525
Central Staff Reception	1	1	270	200
Writ Calendaring Room	1	1	250	200
Medium Conference Area, Seating 10	1	-	300	240
MEDIATION/SETTLEMENT CONFERENCE CENTER	**7**	**3**	**1,551**	**1,255**
Settlement Conference Coordinator/Files/Copier	1	1	150	120
Appellate Court Mediator	1	1	219	175
Reception/Waiting	1	1	132	120
Medium Conference Room, Seating 10	2	-	600	480
Large Conference Room, Seating 16	1	-	400	320
Coffee/Amenity Space	1	-	50	40
FACILITY SUPPORT FUNCTIONS	**14**	**-**	**2,530**	**2,120**
Public Lobby	1	-	660	600
Staff Lobby	1	-	220	200
Mail/Receiving Room	1	-	188	150
Employee Lounge	1	-	375	300
Lactation Room	1	-	75	60
Employee Shower/Locker Room	2	-	200	160
Telecommunications Room - Security/Phones	1	-	313	250
Telecommunications Closet	2	-	250	200
Housekeeping Storage	1	-	100	80
Janitors Closet	3	-	150	120
INFORMATION SYSTEMS DEPARTMENT	**4**	**2**	**638**	**510**
Computer System Administrator	1	1	188	150
Computer Technician	1	1	100	80
Computer Room/Storage	1	-	250	200
Computer Workroom	1	-	100	80
SECURITY OPERATIONS	**3**	**3**	**519**	**415**
Security Control Center	1	2	313	250
CHP Locker Room, w/change lockers	1	-	100	80
Security Guard Office	1	1	106	85
Total for San Jose Court of Appeal Building:	288	91	41,687	33,090
Building Gross Area (at 30% of CGSF):			12,506	
Total Gross Area :			**54,193**	
GSF per Justice (Including Pro Tem Justice):			5,419	

Notes: 1. Total number of justices based on "Evaluation and Plan for Supreme Court and Courts of Appeal", October 1, 2001 by the Task Force
2. Space program component count, net, and gross area based on the "Appellate Court Facilities Guidelines" adopted by the Judicial

D. Parking Requirements

The current lease for the court includes seven parking spaces, which are assigned to the justices. For the replacement project, fifteen parking spaces are requested for justices and key administrative staff. Due to high land costs and limited land availability, it is assumed that these spaces will be provided at the basement level of the building. Because the cost of constructing a parking structure is so high, the AOC has assumed parking for general staff and visitors will be available in nearby public parking structures. Site selection must be dependent on having parking

and public transportation available within walking distance of the selected site. Also, consideration must be given for guaranteed availability of leased parking for staff. Appellate court staff and visitors currently pay for parking at the existing site.

E. Site Program

A specific site for this project has not been identified. For this study, available sites were studied within the general area of the existing downtown San Jose site. To quantify site need, a site program was developed.

The site program includes allowances for the building footprint, pedestrian and vehicular circulation, and landscaping and site setbacks. Because the preferred location is downtown San Jose, the site program assumes a building of at least four stories with a floor of parking at the basement level. The site program is provided in Table 4.

Table 4
Site Program Court of Appeal, Sixth Appellate District, San Jose

Site Component	Space Need	Comments
Structures		
Court Footprint	18,546	4-story building, footprint based on 1st floor components
Total Structure	18,546	
Site Elements		
Loading Zone	480	Assume 12' x 40'
Refuse/Recycling Collection	144	Assume 12' x 12'
Bicycle Parking Area	-	Locate within setback area
Outdoor Staff Area	-	Locate within setback area
Total Site Elements	624	
Parking		
Secure Justice and Staff Parking Area	15	Secure parking for justices and key administrative staff only; most staff to park in area parking structures
Visitor Parking	-	Assume visitor parking is accommodated at public parking structures or lots in immediate area.
Structured Parking Footprint	6,300	Assume 420 SF per space, and one partial story of structured parking
Total Site Requirements		
Structures	18,546	
Site Elements	624	
Parking	6,300	Assume structured parking is below court space
Subtotal Site Requirements	19,170	
Vehicle/Pedestrian Circulation	1,917	10% of site
Landscaping/Setbacks	7,668	40% - Set backs from streets and alleys to be 25' min/35' optimal
Total Site Requirements	**28,755**	
Total Acreage Requirements	**0.66**	

As shown in this site program, the recommended site will be approximately 0.66 acres.

F. Site Availability and Real Estate Market Analysis

Per the first quarter 2006 CBRE market report, downtown office vacancy rates are currently high, however the demand for new housing is also high, and this demand is driving up land costs in the downtown area. No bare sites were available in May 2006; in November 2005 two sites were available. Four sites were identified with small buildings that could be torn down; however, none of these sites meets the square footage requirements of the court. The fifth identified site is large and has an existing 80,000 square foot building that would exceed the square footage need of the court.

The Redevelopment Agency of the City of San Jose has been in contact with the court to discuss their ability to help the court remain in the downtown area. They will do what they can to assist in site selection and may be able to assist the court by providing parking near the project. A letter of support is included in Appendix B of this report.

Table 5
Site Summary

Site	Site Square Footage	Square Footage	Current Occupancy	Total Price	Price per Square Foot	Price per Building Square Foot
53 South First Street	4,135	SF unknown (4-story)	Unknown	$3,681,840	$890	Unknown
11 South Tenth Street	6,534	8,837 (2-story)	Retail	$3,300,000	$505	$373
1201 East Santa Clara Street	10,890	8,064 SF (2-story)	Retail	$1,775,000	$163	$220
892 Santa Clara Street	7,000	7,000	Medical Office	$1,600,000	$229	$229
25 North Fourteenth Street	115,000	79,982 (10-story)	Office	$12,000,000	$104	$150
Average					**$378**	**$243**

The site must be located within walking distance of public transportation and public paid parking. A specific site has not been identified; site selection will be the first phase of this project when funding is approved.

G. Estimated Project Cost

The estimated project cost to construct the recommended project is $47.4 million. This is based on a project of 54,200 gross square feet with 15 basement level parking spaces.

Construction costs are estimated to be $32.6 million and include site grading, site drainage, lighting, landscaping, drives, and loading areas. Construction costs include allowances for furniture, fixtures, and equipment (FF&E), data, communications, and security. Construction costs are escalated to the start and midpoints of construction and carry a 5 percent contingency.

Project costs are added to the construction costs and include fees for architectural and engineering design services, special consultants, geotechnical and land survey consultants, materials testing, project management, CEQA due diligence, property appraisals, legal services, utility connections, and plan check fees for the state fire marshal and access compliance.

Land acquisition costs of $8.6 million are also included in the total cost.

The detailed cost estimate is provided in Appendix A.

H. Project Schedule

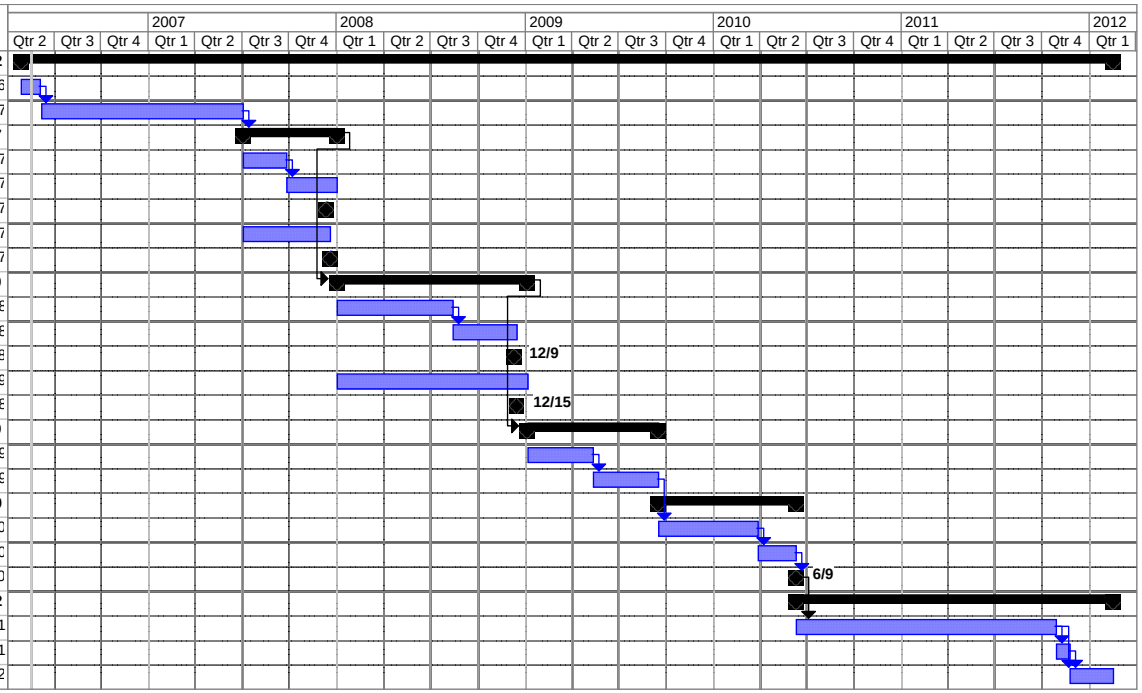
Preliminary project schedules have been developed assuming that funding is included in the 2007–2008 budget act and the site acquisition process is successful.

Proposed Project Schedule	
Site Selection	July 2007–December 2007
Land Acquisition (including CEQA)	January 2008–January 2009
Preliminary Plans	January 2009–September 2009
Working Drawings	September 2009–June 2010
Construction	June 2010–February 2012

The project schedule is provided in Figure 2.

Figure 2
Project Schedule

ID	Task Name	Duration	Start	Finish
1	**New Appellate Court**	**1517 days**	**Fri 4/28/06**	**Wed 2/15/12**
2	Feasibility Report	26 days	Fri 4/28/06	Fri 6/2/06
3	COBCP Process	283 days	Mon 6/5/06	Mon 7/2/07
4	**Site Selection**	**130 days**	**Tue 7/3/07**	**Mon 12/31/07**
5	Site Research, Alternative Review	60 days	Tue 7/3/07	Mon 9/24/07
6	Due Diligence on Potential Sites	70 days	Tue 9/25/07	Mon 12/31/07
7	Judicial Council Approval	1 day	Tue 12/11/07	Tue 12/11/07
8	A/E Consultant Team Selection	120 days	Tue 7/3/07	Mon 12/17/07
9	PWB Approval for Site Selection	1 day	Tue 12/18/07	Tue 12/18/07
10	**Land Acquisition**	**265 days**	**Tue 1/1/08**	**Mon 1/5/09**
11	Negotiate with Seller	160 days	Tue 1/1/08	Mon 8/11/08
12	Acquisition Agreement	90 days	Tue 8/12/08	Mon 12/15/08
13	Judicial Council Approval	1 day	Tue 12/9/08	Tue 12/9/08
14	CEQA (Neg Dec assumed)	265 days	Tue 1/1/08	Mon 1/5/09
15	PWB Approval for Site Acquisition	1 day	Mon 12/15/08	Mon 12/15/08
16	**Start Preliminary Plans**	**180 days**	**Tue 1/6/09**	**Mon 9/14/09**
17	Schematic Design	90 days	Tue 1/6/09	Mon 5/11/09
18	Design Development	90 days	Tue 5/12/09	Mon 9/14/09
19	**Working Drawings Phase**	**193 days**	**Tue 9/15/09**	**Wed 6/9/10**
20	Construction Documents	140 days	Tue 9/15/09	Fri 3/26/10
21	Bid and Award	52 days	Mon 3/29/10	Tue 6/8/10
22	Notice to Proceed	1 day	Wed 6/9/10	Wed 6/9/10
23	**Construction**	**440 days**	**Thu 6/10/10**	**Wed 2/15/12**
24	Construction	360 days	Thu 6/10/10	Wed 10/26/11
25	Move in - Acceptance	20 days	Thu 10/27/11	Wed 11/23/11
26	Records Close-out	60 days	Thu 11/24/11	Wed 2/15/12



I. Impact on Court's 2007-2008 Support Budget

The impact of this project on the state's general support fund budgets for FY 2007-2008 will not be significant. It is anticipated that this project will impact the state's general fund budget in fiscal years beyond the current year as certain one-time costs and on-going operational costs are incurred. Staffing support costs that are contingent upon later approval of future justice positions will be addressed as necessary through separate support proposals and are not included in this analysis.

Based on the economic feasibility study prepared by the AOC and summarized in this report, the state is projected to spend approximately $73 million if it were to continue leasing the existing location, with no expansion, by the end of the 2007-2056 analysis period.

V. APPENDIX A—ECONOMIC ANALYSIS

A. Introduction

In order to complete the financial analysis, cost estimates were created for the capital outlay project. It is assumed that the developer-financed lease-purchase project will have a project cost 10 percent lower than the capital outlay option due to shorter construction period and tighter controls on the design consultants. Amortization calculations were created for a 30-year term for the developer-finance project and 25 years for the revenue bond project. These estimates and calculations were then used 50-year economic analysis. Appendix A includes each of the estimates and calculations created to support Section III of this report.

The following tables include the construction and project cost estimates, amortization calculations, and financial analysis worksheets.

Table A-1
Construction Cost Estimate—Capital Outlay Alternative

ADMINISTRATIVE OFFICE OF THE COURTS
OFFICE OF COURT CONSTRUCTION AND MANAGEMENT

Project Cost Summary

San Jose Court of Appeal — New Capital Outlay

		Date Estimated:	5/17/2006	
		Prepared by:	KM/CH/SS	
Location:	San Jose			
Project ID:	00.00.00.00	CCCI (Cost Estimate Basis):	4600	Apr-06
Site - Building ID:	TDB	CCCI (Basis for Adjustment):	4600	Apr-06
AOC Project Manager:	0	Construction Start:	6/9/2010	
AOC Planner:	K. Metzker	Construction End:	2/15/2012	

Project Description:

To construct a new facility addition to be occupied by the Court of Appeal, Sixth Appellate District. The proposed project will be located in downtown San Jose. The office and court space will be approximately 54,193 gross square feet and will have 15 secure parking spaces at basement level for justices and key administrative staff.

Cost Estimate			Unit Cost	Quantity	Cost	Remarks
Construction Costs						
Site Development						
Off Site Improvements					$461,500	
Demolition & Grading			$15	28,755 sf	$431,325	
Drainage, Lighting, Landscaping			$30	28,775 sf	$863,250	
Drives, Loading Areas, Vehicle Sally Port	N/A					
Parking						
Surface Parking	N/A					
Secure Parking	N/A					
Secure Parking Underground			$57,000	15	$855,000	
Public/Juror Parking Structure	N/A					
Building Construction	New		$360	54,193 sf	$19,509,480	building sf
Construction Cost Subtotal					$22,120,555	
Miscellaneous Construction Costs						
Furniture, Fixtures & Equipment			$30	54,193 sf	$1,624,120	
Data, Communications & Security			$12	54,193 sf	$629,351	
Miscellaneous Construction Cost Subtotal					$2,253,471	
Estimated Total Current Construction Costs					$24,374,026	
Adjust CCCI	from	4600	to	4600	$0	
Escalation to Start of Construction	55	months	@	0.42%	$5,630,400	
Escalation to Midpoint	8	months	@	0.42%	$1,008,149	
Contingency (including escalations)				5.00%	$1,550,629	
Estimated Total Construction Cost					$32,563,203	

Footnotes:

These costs are based on California Construction Cost index (CCCI) number 4600 developed April 2006.

Table A-2
Project Cost Estimate—Capital Outlay Alternative

ADMINISTRATIVE OFFICE OF THE COURTS
OFFICE OF COURT CONSTRUCTION AND MANAGEMENT

Summary of Costs by Phase

San Jose Court of Appeal — New Capital Outlay

		Date Estimated:	5/17/2006	
		Prepared by:	KM/CH/SS	
Location:	San Jose	CCCI (Cost Estimate Basis):	4600	Apr-06
Project ID:	00.00.00.00	CCCI (Basis for Adjustment):	4600	Apr-06
Site - Building ID:	TDB	Construction Start:	6/9/2010	
AOC Project Manager:	0	Construction End:	2/15/2012	

Estimated Project Cost by Phase ($ 000's)	Study (S)	Acquisition (A)	Preliminary Plans (P)	Working Drawings (W)	Construction (C)	Totals
Construction Costs						
Construction Costs (see prior page for detail)					$24,374	$24,374
Adjust CCCI					$0	$0
Escalation to Start of Construction					$5,630	$5,630
Escalation to Midpoint					$1,008	$1,008
Contingency					$1,551	$1,551
Construction Costs Subtotal					$32,563	$32,563
Architectural and Engineering						
A&E Design Services (with escalation)		$167	$1,001	$2,003	$835	$4,006
Construction Inspection					$0	$0
Bid Advertising, Printing and Mailing				$98		$98
Post-Occupancy Evaluation					$0	$0
A&E Fees Subtotal		$167	$1,001	$2,101	$835	$4,104
Other Project Costs						
Site Acquisition / Property Purchase		$8,627				$8,627
Special Consultants		$100	$75	$175	$100	$450
Geotechnical Services & Land Surveying		$50	$0	$0	$0	$50
Materials Testing Laboratory		$0			$200	$200
Commissioning					$100	$100
Project/Construction Management		$0	$75	$170	$600	$845
CEQA/Due Diligence/Documentation		$100	$0			$100
Property Appraisals		$12				$12
Legal Services		$100				$100
Peer Review					$0	$0
Moving and Relocation Expenses						
Plan Checking			$1	$153	$32	$186
Utility Connections/Fees/Other		$0			$100	$100
Other Project Costs Subtotal		$8,988	$151	$498	$1,132	$10,769
A&E Fees plus Other Project Costs Subtotal	$0	$9,155	$1,152	$2,599	$1,966	$14,873
Total Estimated Project Costs	$0	$9,155	$1,152	$2,599	$34,530	$47,436

Less Funds Transferred						
Less Funds Available not Transferred						
Carryover						
Balance of Funds Required						

Footnotes:

A&E design includes architectural, structural, mechanical, plumbing, and electrical consultant fees.
Special consultants include acoustical, security, interior design, special lighting, A/V, telecommunications, signage, and landscape architect fees
This estimate does not include costs for CEQA mitigation.

Table A-3
Amortization—30-Year Term
Alternative 4: Developer-Financed Lease-Purchase of a New Facility

Loan Amount: $ 42,693,000
Term of the Loan: 30 years
Interest Rate: 7 %
Monthly mortgage payments: $ 284,037.60
Total interest paid over the life of the loan: $ 59,560,534.24

Year	Loan Balance	Yearly Interest Paid	Yearly Principal Paid	Total Interest
2012	42,296,627.58	2,728,041.12	396,372.42	2,728,041.12
2013	41,834,294.10	2,946,117.66	462,333.48	5,674,158.78
2014	41,338,538.49	2,912,695.53	495,755.61	8,586,854.32
2015	40,806,944.67	2,876,857.32	531,593.82	11,463,711.64
2016	40,236,921.89	2,838,428.36	570,022.78	14,302,140.00
2017	39,625,692.11	2,797,221.37	611,229.77	17,099,361.37
2018	38,970,276.49	2,753,035.52	655,415.62	19,852,396.88
2019	38,267,480.82	2,705,655.47	702,795.67	22,558,052.35
2020	37,513,879.99	2,654,850.31	753,600.83	25,212,902.67
2021	36,705,801.29	2,600,372.45	808,078.69	27,813,275.11
2022	35,839,306.52	2,541,956.37	866,494.77	30,355,231.49
2023	34,910,172.78	2,479,317.40	929,133.75	32,834,548.88
2024	33,913,871.88	2,412,150.24	996,300.90	35,246,699.12
2025	32,845,548.31	2,340,127.57	1,068,323.57	37,586,826.69
2026	31,699,995.54	2,262,898.37	1,145,552.77	39,849,725.06
2027	30,471,630.66	2,180,086.27	1,228,364.87	42,029,811.33
2028	29,154,467.20	2,091,287.67	1,317,163.47	44,121,099.00
2029	27,742,085.87	1,996,069.82	1,412,381.32	46,117,168.82
2030	26,227,603.39	1,893,968.66	1,514,482.48	48,011,137.48
2031	24,603,638.84	1,784,486.60	1,623,964.55	49,795,624.08
2032	22,862,277.77	1,667,090.07	1,741,361.07	51,462,714.14
2033	20,995,033.56	1,541,206.93	1,867,244.21	53,003,921.08
2034	18,992,806.12	1,406,223.70	2,002,227.44	54,410,144.78
2035	16,845,837.49	1,261,482.51	2,146,968.63	55,671,627.29
2036	14,543,664.33	1,106,277.98	2,302,173.16	56,777,905.27
2037	12,075,066.88	939,853.69	2,468,597.45	57,717,758.96
2038	9,428,014.32	761,398.58	2,647,052.56	58,479,157.54
2039	6,589,606.11	570,042.94	2,838,408.20	59,049,200.48
2040	3,546,009.15	364,854.18	3,043,596.96	59,414,054.66
2041	282,390.32	144,832.31	3,263,618.83	59,558,886.97
2042	0.00	1,647.28	282,390.32	59,560,534.24

Table A-4
Amortization—25-Year Term
Alternative 5: Lease Revenue Bond

Loan Amount: $ 37,129,000
Term of the Loan: 25 years
Interest Rate: 5 %
Monthly mortgage payments: $ 217,052.44
Total interest paid over the life of the loan: $ 27,986,732.65

Year	Loan Balance	Yearly Interest Paid	Yearly Principal Paid	Total Interest
2012	36,428,700.81	1,687,277.68	700,299.19	1,687,277.68
2013	35,627,306.81	1,803,235.30	801,394.00	3,490,512.98
2014	34,784,911.97	1,762,234.46	842,394.84	5,252,747.44
2015	33,899,418.60	1,719,135.94	885,493.37	6,971,883.38
2016	32,968,621.71	1,673,832.42	930,796.89	8,645,715.80
2017	31,990,203.48	1,626,211.08	978,418.23	10,271,926.88
2018	30,961,727.52	1,576,153.34	1,028,475.96	11,848,080.22
2019	29,880,632.77	1,523,534.56	1,081,094.75	13,371,614.78
2020	28,744,227.16	1,468,223.70	1,136,405.61	14,839,838.47
2021	27,549,680.88	1,410,083.02	1,194,546.28	16,249,921.50
2022	26,294,019.34	1,348,967.77	1,255,661.54	17,598,889.26
2023	24,974,115.77	1,284,725.74	1,319,903.57	18,883,615.00
2024	23,586,683.42	1,217,196.96	1,387,432.35	20,100,811.96
2025	22,128,267.40	1,146,213.28	1,458,416.02	21,247,025.24
2026	20,595,236.05	1,071,597.95	1,533,031.36	22,318,623.19
2027	18,983,771.89	993,165.15	1,611,464.15	23,311,788.34
2028	17,289,862.17	910,719.58	1,693,909.72	24,222,507.92
2029	15,509,288.80	824,055.94	1,780,573.36	25,046,563.87
2030	13,637,617.92	732,958.42	1,871,670.88	25,779,522.29
2031	11,670,188.80	637,200.18	1,967,429.12	26,416,722.47
2032	9,602,102.26	536,542.77	2,068,086.54	26,953,265.24
2033	7,428,208.49	430,735.53	2,173,893.77	27,384,000.78
2034	5,143,094.18	319,515.00	2,285,114.31	27,703,515.77
2035	2,741,069.08	202,604.20	2,402,025.10	27,906,119.98
2036	216,151.81	79,712.04	2,524,917.27	27,985,832.01
2037	0.00	900.63	216,151.81	27,986,732.65

Table A-5
Economic Analysis—50-Year Period
Cost Comparison—Cumulative Cost Summary—All Alternatives

Year	Lease		New Facility		
	Existing Site	New Site	Capital Outlay	Lease Purchase	Revenue Bond
2007-2011	$8,803,582	$10,467,130	$47,436,000	$0	$10,307,000
2012-2016	$16,950,502	$18,010,370	$47,436,000	$17,041,860	$23,330,146
2017-2021	$25,676,104	$26,755,053	$47,436,000	$34,083,720	$36,353,293
2022-2026	$35,027,515	$36,892,537	$47,436,000	$51,125,580	$49,376,439
2027-2031	$45,059,372	$48,644,659	$47,436,000	$68,167,440	$62,399,586
2032-2036	$55,835,013	$62,268,590	$47,436,000	$85,209,300	$75,422,732
2037-2041	$67,427,863	$78,062,459	$47,436,000	$102,251,160	$78,027,361
2042-2046	$79,923,043	$96,371,883	$47,436,000	$105,659,532	$78,027,361
2047-2051	$93,419,232	$117,597,523	$47,436,000	$105,659,532	$78,027,361
2052-2056	$108,030,825	$142,203,857	$47,436,000	$105,659,532	$78,027,361

Term of the Analysis: 2007-2056
Cumulative Cost Comparison - Summary All Alternatives

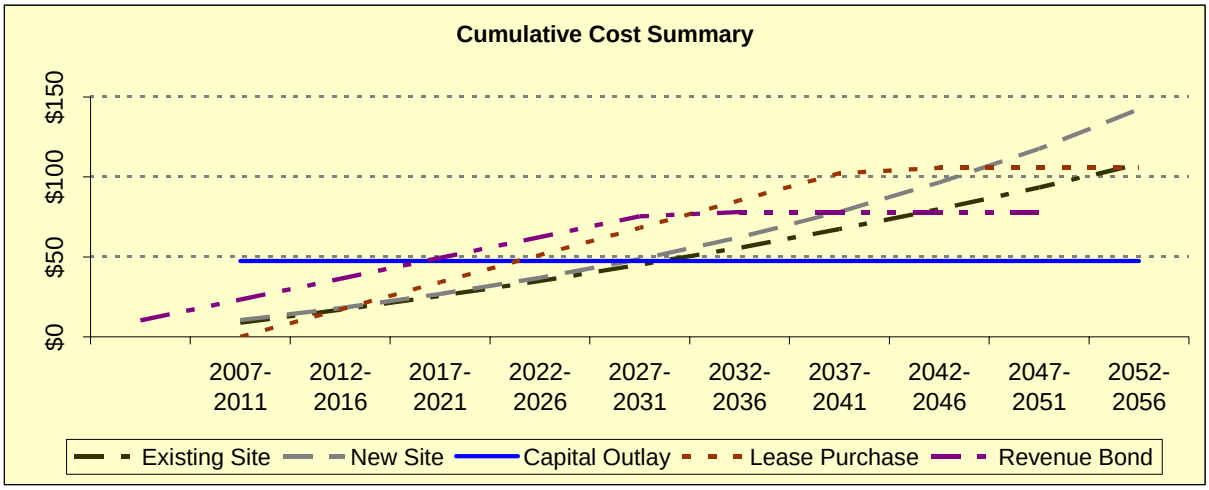


Table A-6
Economic Analysis—50-Year Period
Cost Comparison of All Alternatives—5-Year Increments

Year	Lease		New Facility		
	Existing	New Lease	Capital Outlay	Lease Purchase	Revenue Bond
2007-2011	$8,803,582	$10,467,130	$47,436,000	$0	$10,307,000
2012-2016	$8,146,921	$7,543,240	$0	$17,041,860	$13,023,146
2017-2021	$8,725,601	$8,744,683	$0	$17,041,860	$13,023,146
2022-2026	$9,351,411	$10,137,484	$0	$17,041,860	$13,023,146
2027-2031	$10,031,857	$11,752,122	$0	$17,041,860	$13,023,146
2032-2036	$10,775,641	$13,623,931	$0	$17,041,860	$13,023,146
2037-2041	$11,592,850	$15,793,870	$0	$17,041,860	$2,604,629
2042-2046	$12,495,180	$18,309,424	$0	$3,408,372	$0
2047-2051	$13,496,189	$21,225,640	$0	$0	$0
2052-2056	$14,611,593	$24,606,334	$0	$0	$0
Total Cost:	**$108,030,825**	**$142,203,857**	**$47,436,000**	**$105,659,532**	**$78,027,361**
NPV Total:	**$51,516,364**	**$63,339,956**	**$43,952,515**	**$58,803,092**	**$50,139,482**
NPV % of total cost	**48%**	**45%**	**93%**	**56%**	**64%**

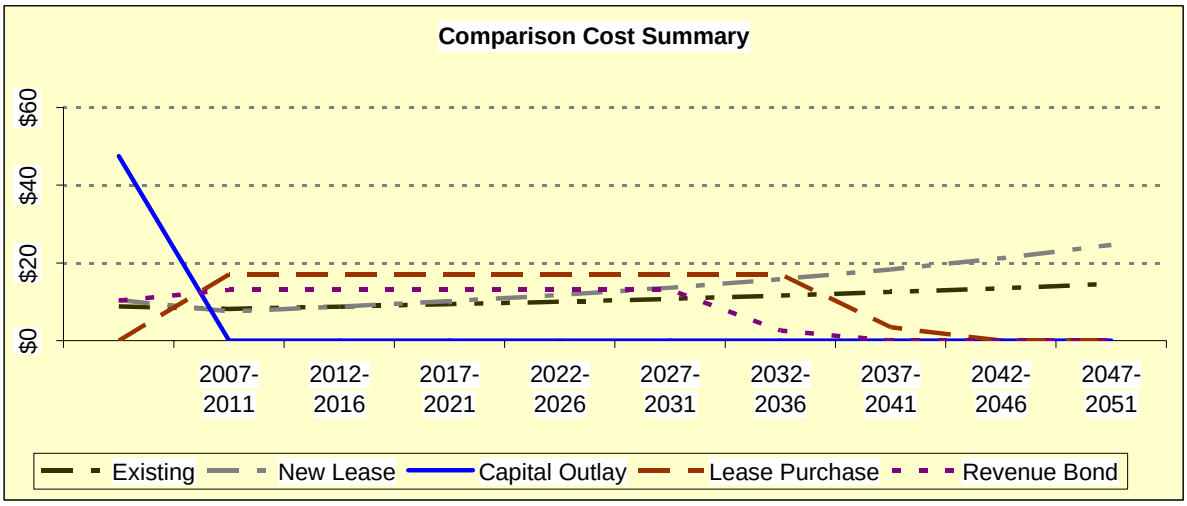


Table A-7
Term of Analysis—50 Years
Cost Comparison of All Alternatives—By Year

Year	Lease		New Facility		
	Existing	New Lease	Capital Outlay	Lease Purchase	Revenue Bond
2007	$2,366,437	$5,185,863	$9,155,000	$0	$9,155,000
2008	$1,552,202	$1,262,366	$1,152,000	$0	$1,152,000
2009	$1,572,840	$1,300,237	$37,129,000	$0	$0
2010	$1,645,448	$1,339,244	$0	$0	$0
2011	$1,666,654	$1,379,421	$0	$0	$0
2012	$1,585,127	$1,420,804	$0	$3,408,372	$2,604,629
2013	$1,606,936	$1,463,428	$0	$3,408,372	$2,604,629
2014	$1,629,060	$1,507,331	$0	$3,408,372	$2,604,629
2015	$1,651,508	$1,552,551	$0	$3,408,372	$2,604,629
2016	$1,674,290	$1,599,127	$0	$3,408,372	$2,604,629
2017	$1,697,417	$1,647,101	$0	$3,408,372	$2,604,629
2018	$1,720,898	$1,696,514	$0	$3,408,372	$2,604,629
2019	$1,744,744	$1,747,409	$0	$3,408,372	$2,604,629
2020	$1,768,966	$1,799,832	$0	$3,408,372	$2,604,629
2021	$1,793,576	$1,853,827	$0	$3,408,372	$2,604,629
2022	$1,818,584	$1,909,441	$0	$3,408,372	$2,604,629
2023	$1,844,004	$1,966,725	$0	$3,408,372	$2,604,629
2024	$1,869,846	$2,025,726	$0	$3,408,372	$2,604,629
2025	$1,896,125	$2,086,498	$0	$3,408,372	$2,604,629
2026	$1,922,852	$2,149,093	$0	$3,408,372	$2,604,629
2027	$1,950,042	$2,213,566	$0	$3,408,372	$2,604,629
2028	$1,977,709	$2,279,973	$0	$3,408,372	$2,604,629
2029	$2,005,866	$2,348,372	$0	$3,408,372	$2,604,629
2030	$2,034,528	$2,418,823	$0	$3,408,372	$2,604,629
2031	$2,063,711	$2,491,388	$0	$3,408,372	$2,604,629
2032	$2,093,431	$2,566,130	$0	$3,408,372	$2,604,629
2033	$2,123,702	$2,643,114	$0	$3,408,372	$2,604,629
2034	$2,154,542	$2,722,407	$0	$3,408,372	$2,604,629
2035	$2,185,968	$2,804,079	$0	$3,408,372	$2,604,629
2036	$2,217,998	$2,888,201	$0	$3,408,372	$2,604,629
2037	$2,250,649	$2,974,848	$0	$3,408,372	$2,604,629
2038	$2,283,940	$3,064,093	$0	$3,408,372	$0
2039	$2,317,891	$3,156,016	$0	$3,408,372	$0
2040	$2,352,521	$3,250,696	$0	$3,408,372	$0
2041	$2,387,850	$3,348,217	$0	$3,408,372	$0
2042	$2,423,900	$3,448,664	$0	$3,408,372	$0
2043	$2,460,692	$3,552,124	$0	$0	$0
2044	$2,498,249	$3,658,687	$0	$0	$0
2045	$2,536,592	$3,768,448	$0	$0	$0
2046	$2,575,747	$3,881,501	$0	$0	$0
2047	$2,615,738	$3,997,946	$0	$0	$0
2048	$2,656,588	$4,117,885	$0	$0	$0
2049	$2,698,325	$4,241,421	$0	$0	$0
2050	$2,740,974	$4,368,664	$0	$0	$0
2051	$2,784,564	$4,499,724	$0	$0	$0
2052	$2,829,122	$4,634,716	$0	$0	$0
2053	$2,874,677	$4,773,757	$0	$0	$0
2054	$2,921,260	$4,916,970	$0	$0	$0
2055	$2,968,901	$5,064,479	$0	$0	$0
2056	$3,017,632	$5,216,413	$0	$0	$0
Total	**$108,030,825**	**$142,203,857**	**$47,436,000**	**$105,659,532**	**$78,027,361**

Table A-8
Economic Analysis—50-Year Period
Alternative 1: Construct a New Facility–Capital Outlay Delivery Method

Estimated Project Cost:	$47,436,000
Annual Inflation Rate:	3.0%
Term of the Analysis:	50 Years

	Total Gross Sq. Ft.	Cost/yr[1] Project	
2007	54,193	$9,155,000	
2008	54,193	$1,152,000	
2009	54,193	$37,129,000	
2010	54,193	$0	
2011	54,193	$0	
2012	54,193	$0	
2013	54,193	$0	
2014	54,193	$0	
2015	54,193	$0	
2016	54,193	$0	
2017	54,193	$0	
2018	54,193	$0	
2019	54,193	$0	
2020	54,193	$0	
2021	54,193	$0	
2022	54,193	$0	
2023	54,193	$0	
2024	54,193	$0	
2025	54,193	$0	
2026	54,193	$0	
2027	54,193	$0	
2028	54,193	$0	
2029	54,193	$0	
2030	54,193	$0	
2031	54,193	$0	
2032	54,193	$0	
2033	54,193	$0	
2034	54,193	$0	
2035	54,193	$0	
2036	54,193	$0	
2037	54,193	$0	
2038	54,193	$0	
2039	54,193	$0	
2040	54,193	$0	
2041	54,193	$0	
2042	54,193	$0	
2043	54,193	$0	
2044	54,193	$0	
2045	54,193	$0	
2046	54,193	$0	
2047	54,193	$0	
2048	54,193	$0	
2049	54,193	$0	
2050	54,193	$0	
2051	54,193	$0	
2052	54,193	$0	
2053	54,193	$0	
2054	54,193	$0	
2055	54,193	$0	
2056	54,193	$0	
Subtotal		$47,436,000	
Total - Project Cost			**$47,436,000**
NPV - Subtotal		$43,952,515	
Total - Net Present Value			**$43,952,515**

Notes:

1. Total project cost was calculated by using building gross square feet (BGSF); see project estimate.

Table A-9
Economic Analysis—50-Year Period
Alternative 1: Extend Existing Lease

Term of the Analysis: 2007-2056 CPI Rate: 3.0%
Estimated total lease space for the 50 year term: 31,420 RSF Annual Inflation Rate: 3.0%

CPI Increase	Year	CPI base	New CPI Amt	Monthly Excluding CPI Base	Monthly Rent Incl. CPI	Annual	Notes
0%	*10/1/1998*	*31,420*	*$0*	*$76,086*	*$76,086*	*$913,031*	*Actual CPI Adjustment*
2.19%	*10/1/1999*	*31,420*	*$688*	*$76,086*	*$76,774*	*$921,288*	*Actual CPI Adjustment*
5.94%	*10/1/2000*	*31,420*	*$1,866*	*$79,461*	*$81,327*	*$975,927*	*Actual CPI Adjustment*
8.94%	*10/1/2001*	*31,420*	*$2,809*	*$79,461*	*$82,270*	*$987,238*	*Actual CPI Adjustment*
10.20%	*10/1/2002*	*31,420*	*$3,205*	*$83,005*	*$86,209*	*$1,034,514*	*Actual CPI Adjustment*
12.39%	*10/1/2003*	*31,420*	*$3,893*	*$83,005*	*$86,898*	*$1,042,771*	*Actual CPI Adjustment*
15.71%	*10/1/2004*	*31,420*	*$4,936*	*$86,726*	*$91,662*	*$1,099,940*	*Actual CPI Adjustment*
18.71%	*10/1/2005*	*31,420*	*$5,879*	*$86,726*	*$92,604*	*$1,111,251*	*Actual CPI Adjustment*
21.71%	*10/1/2006*	*31,420*	*$6,821*	*$83,005*	*$89,826*	*$1,077,911*	*Estimated CPI Adjustment*
24.71%	10/1/2007	31,420	$7,764	$83,005	$90,769	$1,089,222	Estimated CPI Adjustment
27.71%	10/1/2008	31,420	$8,706	$94,735	$103,441	$1,241,297	Estimated CPI Adjustment
30.71%	10/1/2009	31,420	$9,649	$94,735	$104,384	$1,252,608	Estimated CPI Adjustment
33.71%	10/1/2010	31,420	$10,592	$99,042	$109,634	$1,315,609	Estimated CPI Adjustment
36.71%	10/1/2011	31,420	$11,534	$99,042	$110,577	$1,326,920	Estimated CPI Adjustment
39.71%	10/1/2012	31,420	$12,477	$90,456	$102,933	$1,235,200	Estimated CPI Adjustment
42.71%	10/1/2013	31,420	$13,419	$90,456	$103,876	$1,246,511	Estimated CPI Adjustment
45.71%	10/1/2014	31,420	$14,362	$90,456	$104,819	$1,257,823	Estimated CPI Adjustment
48.71%	10/1/2015	31,420	$15,305	$90,456	$105,761	$1,269,134	Estimated CPI Adjustment
51.71%	10/1/2016	31,420	$16,247	$90,456	$106,704	$1,280,445	Estimated CPI Adjustment
54.71%	10/1/2017	31,420	$17,190	$90,456	$107,646	$1,291,756	Estimated CPI Adjustment
57.71%	10/1/2018	31,420	$18,132	$90,456	$108,589	$1,303,067	Estimated CPI Adjustment
60.71%	10/1/2019	31,420	$19,075	$90,456	$109,532	$1,314,379	Estimated CPI Adjustment
63.71%	10/1/2020	31,420	$20,018	$90,456	$110,474	$1,325,690	Estimated CPI Adjustment
66.71%	10/1/2021	31,420	$20,960	$90,456	$111,417	$1,337,001	Estimated CPI Adjustment
69.71%	10/1/2022	31,420	$21,903	$90,456	$112,359	$1,348,312	Estimated CPI Adjustment
72.71%	10/1/2023	31,420	$22,845	$90,456	$113,302	$1,359,623	Estimated CPI Adjustment
75.71%	10/1/2024	31,420	$23,788	$90,456	$114,245	$1,370,935	Estimated CPI Adjustment
78.71%	10/1/2025	31,420	$24,731	$90,456	$115,187	$1,382,246	Estimated CPI Adjustment
81.71%	2026	31,420	$25,673	$90,456	$116,130	$1,393,557	Estimated CPI Adjustment
84.71%	2027	31,420	$26,616	$90,456	$117,072	$1,404,868	Estimated CPI Adjustment
87.71%	2028	31,420	$27,558	$90,456	$118,015	$1,416,179	Estimated CPI Adjustment
90.71%	2029	31,420	$28,501	$90,456	$118,958	$1,427,491	Estimated CPI Adjustment
93.71%	2030	31,420	$29,444	$90,456	$119,900	$1,438,802	Estimated CPI Adjustment
96.71%	2031	31,420	$30,386	$90,456	$120,843	$1,450,113	Estimated CPI Adjustment
99.71%	2032	31,420	$31,329	$90,456	$121,785	$1,461,424	Estimated CPI Adjustment
102.71%	2033	31,420	$32,271	$90,456	$122,728	$1,472,735	Estimated CPI Adjustment
105.71%	2034	31,420	$33,214	$90,456	$123,671	$1,484,047	Estimated CPI Adjustment
108.71%	2035	31,420	$34,157	$90,456	$124,613	$1,495,358	Estimated CPI Adjustment
111.71%	2036	31,420	$35,099	$90,456	$125,556	$1,506,669	Estimated CPI Adjustment
114.71%	2037	31,420	$36,042	$90,456	$126,498	$1,517,980	Estimated CPI Adjustment
117.71%	2038	31,420	$36,984	$90,456	$127,441	$1,529,291	Estimated CPI Adjustment
120.71%	2039	31,420	$37,927	$90,456	$128,384	$1,540,603	Estimated CPI Adjustment
123.71%	2040	31,420	$38,870	$90,456	$129,326	$1,551,914	Estimated CPI Adjustment
126.71%	2041	31,420	$39,812	$90,456	$130,269	$1,563,225	Estimated CPI Adjustment
129.71%	2042	31,420	$40,755	$90,456	$131,211	$1,574,536	Estimated CPI Adjustment
132.71%	2043	31,420	$41,697	$90,456	$132,154	$1,585,847	Estimated CPI Adjustment
135.71%	2044	31,420	$42,640	$90,456	$133,097	$1,597,159	Estimated CPI Adjustment
138.71%	2045	31,420	$43,583	$90,456	$134,039	$1,608,470	Estimated CPI Adjustment
141.71%	2046	31,420	$44,525	$90,456	$134,982	$1,619,781	Estimated CPI Adjustment
144.71%	2047	31,420	$45,468	$90,456	$135,924	$1,631,092	Estimated CPI Adjustment
147.71%	2048	31,420	$46,410	$90,456	$136,867	$1,642,403	Estimated CPI Adjustment
150.71%	2049	31,420	$47,353	$90,456	$137,810	$1,653,715	Estimated CPI Adjustment
153.71%	2050	31,420	$48,296	$90,456	$138,752	$1,665,026	Estimated CPI Adjustment
156.71%	2051	31,420	$49,238	$90,456	$139,695	$1,676,337	Estimated CPI Adjustment
159.71%	2052	31,420	$50,181	$90,456	$140,637	$1,687,648	Estimated CPI Adjustment
162.71%	2053	31,420	$51,123	$90,456	$141,580	$1,698,959	Estimated CPI Adjustment
165.71%	2054	31,420	$52,066	$90,456	$142,523	$1,710,271	Estimated CPI Adjustment
168.71%	2055	31,420	$53,009	$90,456	$143,465	$1,721,582	Estimated CPI Adjustment
171.71%	2056	31,420	$53,951	$90,456	$144,408	$1,732,893	Estimated CPI Adjustment
						$73,007,748	
Total Lease Costs 2007-2056						**$ 73,007,748**	
Total - Net Present Value						**$35,916,505**	

Notes:

1. Existing lease is class "A" all inclusive.
2. Costs are based on the existing contract, assume contract will be renew with the same terms and conditions.

Table A-10
Economic Analysis—50-Year Period
Alternative 1: Additional Lease at Existing Site

Term of the Analysis: 2007-2056									CPI Rate:	3.0%
Estimated rentable lease space for the 50 year term:					10,267				Annual Inflation Rate:	3.0%
							Tenant Improvements			
Year	**CPI increase**	**Rentable Sq. Ft.**	**Avg rent/sf/mo**	**Avg rent/sf/yr**	**Monthly**	**Annual**	**Cost per Sq. Ft.**	**Rentable Sq. Ft.**	**Total Cost**	
2007	0%	10,267	2.45	29.40	$25,154	$301,850	$95	10,267	$975,365	
2008	3%	10,267	2.52	30.28	$25,909	$310,905				
2009	3%	10,267	2.60	31.19	$26,686	$320,232				
2010	3%	10,267	2.68	32.13	$27,487	$329,839				
2011	3%	10,267	2.76	33.09	$28,311	$339,735				
2012	3%	10,267	2.84	34.08	$29,161	$349,927				
2013	3%	10,267	2.93	35.11	$30,035	$360,424				
2014	3%	10,267	3.01	36.16	$30,936	$371,237				
2015	3%	10,267	3.10	37.24	$31,865	$382,374				
2016	3%	10,267	3.20	38.36	$32,820	$393,846				
2017	3%	10,267	3.29	39.51	$33,805	$405,661				
2018	3%	10,267	3.39	40.70	$34,819	$417,831				
2019	3%	10,267	3.49	41.92	$35,864	$430,366				
2020	3%	10,267	3.60	43.17	$36,940	$443,277				
2021	3%	10,267	3.71	44.47	$38,048	$456,575				
2022	3%	10,267	3.82	45.80	$39,189	$470,272				
2023	3%	10,267	3.93	47.18	$40,365	$484,380				
2024	3%	10,267	4.05	48.59	$41,576	$498,912				
2025	3%	10,267	4.17	50.05	$42,823	$513,879				
2026	3%	10,267	4.30	51.55	$44,108	$529,295				
2027	3%	10,267	4.42	53.10	$45,431	$545,174				
2028	3%	10,267	4.56	54.69	$46,794	$561,530				
2029	3%	10,267	4.69	56.33	$48,198	$578,375				
2030	3%	10,267	4.84	58.02	$49,644	$595,727				
2031	3%	10,267	4.98	59.76	$51,133	$613,598				
2032	3%	10,267	5.13	61.56	$52,667	$632,006				
2033	3%	10,267	5.28	63.40	$54,247	$650,967				
2034	3%	10,267	5.44	65.31	$55,875	$670,496				
2035	3%	10,267	5.61	67.27	$57,551	$690,611				
2036	3%	10,267	5.77	69.28	$59,277	$711,329				
2037	3%	10,267	5.95	71.36	$61,056	$732,669				
2038	3%	10,267	6.13	73.50	$62,887	$754,649				
2039	3%	10,267	6.31	75.71	$64,774	$777,288				
2040	3%	10,267	6.50	77.98	$66,717	$800,607				
2041	3%	10,267	6.69	80.32	$68,719	$824,625				
2042	3%	10,267	6.89	82.73	$70,780	$849,364				
2043	3%	10,267	7.10	85.21	$72,904	$874,845				
2044	3%	10,267	7.31	87.77	$75,091	$901,090				
2045	3%	10,267	7.53	90.40	$77,344	$928,123				
2046	3%	10,267	7.76	93.11	$79,664	$955,966				
2047	3%	10,267	7.99	95.90	$82,054	$984,645				
2048	3%	10,267	8.23	98.78	$84,515	$1,014,185				
2049	3%	10,267	8.48	101.74	$87,051	$1,044,610				
2050	3%	10,267	8.73	104.80	$89,662	$1,075,949				
2051	3%	10,267	9.00	107.94	$92,352	$1,108,227				
2052	3%	10,267	9.26	111.18	$95,123	$1,141,474				
2053	3%	10,267	9.54	114.51	$97,977	$1,175,718				
2054	3%	10,267	9.83	117.95	$100,916	$1,210,990				
2055	3%	10,267	10.12	121.49	$103,943	$1,247,319				
2056	3%	10,267	10.43	125.13	$107,062	$1,284,739				
	Subtotal					$34,047,712			$975,365	
	Total - New lease + tenant improvement costs					**$35,023,077**				
	NPV - Subtotal					$14,652,903			$946,956	
	Net Present Value					**$15,599,859**				

Notes:

1. Tenant improvements were estimated at $140 sq.ft. with an allowance of $45 sq.ft. for a total cost $95 sq.ft.
2. New lease is Class "A" all costs inclusive.

Table A-11
Economic Analysis—50-Year Period
Alternative 3: Lease an Alternative

Term of the Analysis: 2007-2056 CPI Rate: 3.0%
Estimated total lease space for the 50 year term: 41,687 RSF Annual Inflation Rate: 3.0%

Year	CPI	Rentable Sq. Ft.	Avg rent/sf/mo	Avg rent/sf/yr	Monthly	Annual	Tenant Improvements Cost per Sq. Ft.	Tenant Improvements Total Cost
2007	0%	41,687	2.45	29.40	$102,133	$1,225,598	$95	$3,960,265
2008	3%	41,687	2.52	30.28	$105,197	$1,262,366		
2009	3%	41,687	2.60	31.19	$108,353	$1,300,237		
2010	3%	41,687	2.68	32.13	$111,604	$1,339,244		
2011	3%	41,687	2.76	33.09	$114,952	$1,379,421		
2012	3%	41,687	2.84	34.08	$118,400	$1,420,804		
2013	3%	41,687	2.93	35.11	$121,952	$1,463,428		
2014	3%	41,687	3.01	36.16	$125,611	$1,507,331		
2015	3%	41,687	3.10	37.24	$129,379	$1,552,551		
2016	3%	41,687	3.20	38.36	$133,261	$1,599,127		
2017	3%	41,687	3.29	39.51	$137,258	$1,647,101		
2018	3%	41,687	3.39	40.70	$141,376	$1,696,514		
2019	3%	41,687	3.49	41.92	$145,617	$1,747,409		
2020	3%	41,687	3.60	43.17	$149,986	$1,799,832		
2021	3%	41,687	3.71	44.47	$154,486	$1,853,827		
2022	3%	41,687	3.82	45.80	$159,120	$1,909,441		
2023	3%	41,687	3.93	47.18	$163,894	$1,966,725		
2024	3%	41,687	4.05	48.59	$168,811	$2,025,726		
2025	3%	41,687	4.17	50.05	$173,875	$2,086,498		
2026	3%	41,687	4.30	51.55	$179,091	$2,149,093		
2027	3%	41,687	4.42	53.10	$184,464	$2,213,566		
2028	3%	41,687	4.56	54.69	$189,998	$2,279,973		
2029	3%	41,687	4.69	56.33	$195,698	$2,348,372		
2030	3%	41,687	4.84	58.02	$201,569	$2,418,823		
2031	3%	41,687	4.98	59.76	$207,616	$2,491,388		
2032	3%	41,687	5.13	61.56	$213,844	$2,566,130		
2033	3%	41,687	5.28	63.40	$220,259	$2,643,114		
2034	3%	41,687	5.44	65.31	$226,867	$2,722,407		
2035	3%	41,687	5.61	67.27	$233,673	$2,804,079		
2036	3%	41,687	5.77	69.28	$240,683	$2,888,201		
2037	3%	41,687	5.95	71.36	$247,904	$2,974,848		
2038	3%	41,687	6.13	73.50	$255,341	$3,064,093		
2039	3%	41,687	6.31	75.71	$263,001	$3,156,016		
2040	3%	41,687	6.50	77.98	$270,891	$3,250,696		
2041	3%	41,687	6.69	80.32	$279,018	$3,348,217		
2042	3%	41,687	6.89	82.73	$287,389	$3,448,664		
2043	3%	41,687	7.10	85.21	$296,010	$3,552,124		
2044	3%	41,687	7.31	87.77	$304,891	$3,658,687		
2045	3%	41,687	7.53	90.40	$314,037	$3,768,448		
2046	3%	41,687	7.76	93.11	$323,458	$3,881,501		
2047	3%	41,687	7.99	95.90	$333,162	$3,997,946		
2048	3%	41,687	8.23	98.78	$343,157	$4,117,885		
2049	3%	41,687	8.48	101.74	$353,452	$4,241,421		
2050	3%	41,687	8.73	104.80	$364,055	$4,368,664		
2051	3%	41,687	9.00	107.94	$374,977	$4,499,724		
2052	3%	41,687	9.26	111.18	$386,226	$4,634,716		
2053	3%	41,687	9.54	114.51	$397,813	$4,773,757		
2054	3%	41,687	9.83	117.95	$409,747	$4,916,970		
2055	3%	41,687	10.12	121.49	$422,040	$5,064,479		
2056	3%	41,687	10.43	125.13	$434,701	$5,216,413		
	Subtotal					$138,243,592		$3,960,265
	Total - New lease + tenant improvement costs					**$142,203,857**		
	NPV - Subtotals					$59,495,039		$3,844,917
	Total Net Present Value					**$63,339,956**		

Notes:

1. Tenant improvements were estimated at $140 sq.ft. with an allowance of $45 sq.ft. for a total cost $95 sq.ft.
2. New lease is Class "A" all costs inclusive.

Table A-12
Economic Analysis—50-Year Period
Alternative 4: Developer-Financed Lease-Purchase of a New Facility

Estimated Project Cost: $42,693,000		Total BGSF:	54,193
Term of the Contract: 30 Years		Interest Rate:	7.0%
		Inflation Rate:	3.0%

	Monthly Payment	Cost by Year	
2007	$0	$0	
2008	$0	$0	
2009	$0	$0	
2010	$0	$0	
2011	$0	$0	
2012	$284,031	$3,408,372	
2013	$284,031	$3,408,372	
2014	$284,031	$3,408,372	
2015	$284,031	$3,408,372	
2016	$284,031	$3,408,372	
2017	$284,031	$3,408,372	
2018	$284,031	$3,408,372	
2019	$284,031	$3,408,372	
2020	$284,031	$3,408,372	
2021	$284,031	$3,408,372	
2022	$284,031	$3,408,372	
2023	$284,031	$3,408,372	
2024	$284,031	$3,408,372	
2025	$284,031	$3,408,372	
2026	$284,031	$3,408,372	
2027	$284,031	$3,408,372	
2028	$284,031	$3,408,372	
2029	$284,031	$3,408,372	
2030	$284,031	$3,408,372	
2031	$284,031	$3,408,372	
2032	$284,031	$3,408,372	
2033	$284,031	$3,408,372	
2034	$284,031	$3,408,372	
2035	$284,031	$3,408,372	
2036	$284,031	$3,408,372	
2037	$284,031	$3,408,372	
2038	$284,031	$3,408,372	
2039	$284,031	$3,408,372	
2040	$284,031	$3,408,372	
2041	$284,031	$3,408,372	
2042	$284,031	$3,408,372	
2043	$0	$0	
2044	$0	$0	
2045	$0	$0	
2046	$0	$0	
2047	$0	$0	
2048	$0	$0	
2049	$0	$0	
2050	$0	$0	
2051	$0	$0	
2052	$0	$0	
2053	$0	$0	
2054	$0	$0	
2055	$0	$0	
2056	$0	$0	
Subtotal		$105,659,532	
Total Project Cost			**$105,659,532**
NPV Subtotal		$58,803,092	
Total - Net Present Value			**$58,803,092**

Table A-13
Economic Analysis—50-Year Period
Alternative 5: Lease Revenue Bond Financing

Estimated Project Cost (General Funds): $10,307,000		Total BGSF:	54,193
Estimated Project Cost (Bond Funds): $37,129,000		Interest Rate:	5.0%
Term of the Contract: 25 Years		Inflation Rate:	3.0%
	Monthly Payment	**Cost by Year**	
2007	$0	$9,155,000	
2008	$0	$1,152,000	
2009	$0	$0	
2010	$0	$0	
2011	$0	$0	
2012	$217,052	$2,604,629	
2013	$217,052	$2,604,629	
2014	$217,052	$2,604,629	
2015	$217,052	$2,604,629	
2016	$217,052	$2,604,629	
2017	$217,052	$2,604,629	
2018	$217,052	$2,604,629	
2019	$217,052	$2,604,629	
2020	$217,052	$2,604,629	
2021	$217,052	$2,604,629	
2022	$217,052	$2,604,629	
2023	$217,052	$2,604,629	
2024	$217,052	$2,604,629	
2025	$217,052	$2,604,629	
2026	$217,052	$2,604,629	
2027	$217,052	$2,604,629	
2028	$217,052	$2,604,629	
2029	$217,052	$2,604,629	
2030	$217,052	$2,604,629	
2031	$217,052	$2,604,629	
2032	$217,052	$2,604,629	
2033	$217,052	$2,604,629	
2034	$217,052	$2,604,629	
2035	$217,052	$2,604,629	
2036	$217,052	$2,604,629	
2037	$217,052	$2,604,629	
2038	$0	$0	
2039	$0	$0	
2040	$0	$0	
2041	$0	$0	
2042	$0	$0	
2043	$0	$0	
2044	$0	$0	
2045	$0	$0	
2046	$0	$0	
2047	$0	$0	
2048	$0	$0	
2049	$0	$0	
2050	$0	$0	
2051	$0	$0	
2052	$0	$0	
2053	$0	$0	
2054	$0	$0	
2055	$0	$0	
2056	$0	$0	
Subtotal		$78,027,361	
Total Project Cost			**$78,027,361**
NPV Subtotal		$50,139,482	
Total - Net Present Value			**$50,139,482**

Notes:

1. General funds will be used for site acquisition and preliminary planning in years 2007 and 2008.
2. Lease revenue bonds will be used for working drawings and construction, payment to begin at occupancy in 2012.

VI. APPENDIX B—LETTER FROM THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

A. Introduction

The following letter was provided by the Redevelopment Agency of the City of San Jose to document the their support for the appellate court project.

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Executive Director
The Redevelopment Agency of the City of San José

May 25, 2006

Office of Court Construction & Management
Judicial Council of California
Administrative Office of the Courts
2880 Gateway Oaks Drive, Suite 300
Sacramento, CA 95833-3509

Re: Letter of Support – Sixth District of Appeal in Downtown San Jose

The purpose of this letter is to express the San Jose Redevelopment Agency's strong support for the development of a new Sixth District of Appeal vin downtown San Jose. As you may be aware, the Redevelopment Agency works with both public agencies and private development interests to promote the ongoing economic development of the city and foster new job growth. A new courthouse facility would not only strengthen the city's economic development, but create additional interest in the downtown by businesses and other public agency interests associated with the judicial system.

To facilitate a courthouse development, the Agency is prepared to work with you to quickly move a project through the development process. We can assist state agencies in working with our local city staff with the architectural development as well as any required local review. We will also assist you in working with other public agencies, public and private utilities that deal with both on-site and off-site permitting and other development requirements.

There are a number of potential sites in our downtown that can meet your development requirements. All are located in a downtown that is undergoing a major renaissance of new retail, office and residential development. We offer easy auto access, excellent public transportation including two light rail lines, Caltrain and the planned expansion of BART to the downtown. Once businesses locate in San Jose, their employees realize the benefit of working in our downtown and can attest to the benefits of our downtown environments. We can also assist you in the proper site selection, development of parking options and will work with all the appropriate business and neighborhood interests to assure the project's success.

If I can help in any additional way, please feel free to contact me at (408) 795-1888.

Sincerely,

Harry S. Mavrogenes
Executive Director

RCVD '06 MAY 31

200 East Santa Clara Street, 14th Floor, San José, CA 95113 *tel* (408) 535-8500 *fax* (408) 292-6764 www.sjredevelopment.org